

شركة كهرباء مزون ش.م.ع.م.  
MAZOOON ELECTRICITY COMPANY S.A.O.C.

إحدى شركات مجموعة نماء  
Member of Nama Group



# Annual Report

2021



**His Majesty Sultan  
Haitham Bin Tarik Al Said**  
(May Allah Protect Him)



**His Majesty Sultan  
Qaboos Bin Said**  
(May Allah Rest His Soul in Peace)

# TABLE OF CONTENT

Company Profile	5
Chairman's Report	6
Board of Directors	12
Executives Management	13
Sector Law and Regulations	14
<b>Corporate Governance</b>	<b>16</b>
<b>Corporate Strategy</b>	<b>24</b>
<b>Health Safety and Environment</b>	<b>28</b>
Mazoon Response to COVID 19	31
Customer Experience	34
Tariff Reform & National Transformation Program for Smart & Prepaid Meter	41
Talent Management	42
Information Technology & Cyber Security	43
Digitalization Plan	43
<b>Operation Performance</b>	<b>44</b>
<b>Financial Performance</b>	<b>54</b>
<b>Communication and Sustainability</b>	<b>58</b>
Shaheen Cyclone	62
Major Projects Achievements	
A. Network System Development	62
B. Coastal areas networks project	
Demand Forecast	64
<b>SCADA Cyber Security</b>	<b>68</b>

# GLOSSARY OF TERMS:

APSR	Authority for Public Services Regulation
MZEC	Mazoon Electricity Company
NAMA	Nama Holding
HSE	Health Safety and Environment
ISO	International Organization for Standardization
BST	Bulk Supply Tariff
TC	Transmission Connection Charges
TUOS	Transmission Use of System Charges
VAT	Value Added Tax
SAIFI	System Average Interruption Frequency Index
CAIDI	Customer Average Interruption Duration Index
SAIDI	System Average Interruption Duration Index
VOC	Voice of Customer
LTI	Lost Time Injury
LTIFR	Lost Time Injury Frequency Rate
RWC	Restricted Work Case
AMM	Advanced Metering Management
CRT	Cost Reflective Tariff
LMS	Learning Management system
WD	Working Day
VPN	Virtual Private Network
PV system	Photovoltaic System
SMEs	Small and Medium Size Enterprises
ICV	In-Country Value
GIS	Geographic Information System
MIS	Main Interconnected System
RAEC	Rural Areas Electricity Company (TANWEER)
DISC	Dhofar Integrated Services Company

## Mission



“Lighting and Enriching Life through Safe, Reliable and Sustainable Electricity”

---

## Vision



“To be leaders in providing electricity in Oman by 2022”

---

## Value



“Safety, teamwork, professionalism, integrity and respect”

# CHAIRMAN'S REPORT

On behalf of the Board of directors, I am pleased to present the annual report of Mazoon Electricity Company S.A.O.C for the year ended 31 December 2021.

Year 2021 witnessed a gradual recovery of commercial and economic activities in the country which were effected by the pandemic of COVID-19 in 2020. Accordingly the business of the company also regained its momentum and reported improved performance and business growth during the year.

The management continued to monitor and ensured all the precautions against the COVID-19 and strictly adhered to the directions of the Supreme Committee during the year.

In addition to that, 'Shaheen Cyclone' that hit the Sultanate caused severe damages to the electricity networks in the company's authorized area of South Al Batinah Governorate and Wilayet Al Suwaiq. However the company was able to manage the reconstruction of the damaged network and restoration of the power supply in record time that hand by hand with NAMA Holding and with the support of all stakeholders.

## Performance Summary

In 2021, the company reported growth in customer accounts, regulated units sold and sales revenue.

Total number of customers as at the end of the year was 489,542 showing an increase of 16,106 additional new customers during the year. Similarly the Regulated Units sold during the year was 9,535 GWh showed a growth of 6% compared to the last year.

The total Revenue comprising of the sales revenue, subsidy and other revenue, for the year was RO 369.216 Million as against RO 350.125 Million reported in 2020, showing a growth of 5%.

Operating costs showed an increase of RO 18 million to reach RO 299.213 Million (2020- RO 281.31 Million) mainly due to increase in pass through costs by RO 14.7 Million and on account of non routine expenses for network rehabilitation for the parts that were impacted by cyclone 'Shaheen'.

The Gross profit for the year was RO 70 Million also showed a growth from RO 68.8 Million reported in 2020. However, the net profit for the year was RO 13 Million comparing with RO 17 Million in 2020.

The company continued to invest in the network assets as the capital investments reached RO 84.31 Million in order to meet the growth and to comply with the system security standards and other licence requirements.



## Operational Performance

The investments in the network assets mainly the construction or upgrading of primary substations helped to enhance the network performance indices (SAIFI and SAIDI).

Customer communication services improvement were also given a high priority which is positively reflected in customer satisfaction rate. The company launched number of process automation services during 2021 to enhance and improve the customer satisfaction. The Company has also focused on the continues development of its employees skills, competancies and qualifications. As a result, customer satisfaction rate measured as 'Voice of customer' to reach 90% in 2021.

The ISO 27001 (Information Security Managment) audit was successfully completed in 2021 with zero nonconformities. Moreover, the Asset Management ISO 55001 certification demonstrate the effectiveness and robustness of the management processes and systems.

Further, implementation of tariff reform and the introduction of VAT necessitated substantial enhancement in the billing systems which were all completed on timely minner and the company achived full compliance with the government directions and regulation.



## Commitment to the society

The company continues to provide employment opportunities to the citizens and the total number of employees as at the end of the year 2021 reached 573. The company has also achieved a remarkable level of Omanisation of 98.89%.

Realising importance of clean energy for the environment and considering the potential benefits of solar power, the company encourages and supports the solar system projects initiated by the customers. Till end of 2021, around 40 such solar projects, with a total capacity of 8.49 MW, were completed and energized in the company's authorized areas.

The cyclone Shaheen made it's landfall on 03 October 2021 causing wide spread damges to the network in South Al Batinah and North Al Batinah Governorates. In addition to the field works to restore the power supply in South Al Batinah Governorate and Wilayet Al Suwaiq, the company also paid attention to spread awareness messages, alerts & updates of supply

restoration through various communication channels. MZEC has led Wiyakum campaign in its authorized areas which sponsored by NAMA holding. The campaign main objectives was to support the working teams and the public to ensure fast and safe electricity restorations including the internal wiring of our customers' premises.

Advanced Metering Management (AMM) is one of the strategic projects aiming to expedite the rollout of installing the smart meters in order to improve the metering activities. The company has started the implementation of smart metering in 2017 targeting high value customers (CRT) of around 3,500 accounts. By 31 Dec 2021 the total installed smart meters connected with the Automated Meter Reading system reached about 60,000 accounts. The company is planning to complete the full roll out to all the customers' premises within the coming few years.

The rehabilitation of the distribution networks in the coastal areas of Jaalan Bani Bu Ali at South Al-Sharqiyah Governorate is a priority considering the climate condition in the coastal areas that results in corrosion and damages to the existing network. The new design, cables, and network special equipments are expected to withstand these challenges and improve the system reliability and safety. The project is in progress and planned to be completed by the end of 2022.

It gives us immense satisfaction that the projects which company undertakes are in line with expectation of Oman Vision 2040 that lays down the foundations "to build national capabilities and achieve economic growth and social well-being." At the core of Vision 2040 are policies characterized by the Sultanate's encouraging development story and excellent infrastructure that is providing continues economic growth together with susutaibale social welfare. The company is proud to take part in the great vision of the country and aims to contribute to this journey towards progress.



## Quality, Health, Safety and Environment

Quality, Health, Safety and Environment (QHSE) is always given the highest priority and in every meeting the Board allocates adequate time for discussion of QHSE performance. The board and the management are committed to adhere to the QHSE policies and take necessary steps to drive and ensure QHSE compliance. During 2021 one LTI has been reported.



## Strategic Vision and Achievements

In order to achieve the vision to be “Leaders in Providing Electricity in Oman by 2022”, the company has formulated its strategies under six main themes; Customer services, HSE, operation & Assets, IT & cyber security, Human Resources and Communication & Marketing. The company continued to implement these strategies in 2021 which gained the desired results as reflected in the financial and operational performance.



## Corporate Governance

The Board is committed to highest standards of corporate governance. The Audit and Risk committee (Which reports to Board) oversee the company’s internal controls and risk management.

MZEC has continued to conduct several Board and sub-committee meetings virtually, in accordance with Article 191 of the Commercial Companies Law, to ensure business continuity without compromising safety.

Furthermore, shareholding of Nama Holding (MZEC’s majority shareholder) has been changed from the Ministry of Finance to Oman Investment Authority (OIA). Accordingly, new policies issued by OIA with the view to strengthening corporate governance through code of Corporate Governance, Internal Audit Guideline, Risk Management Guideline and Procurement and Tenders Guideline, amongst many others have been implemented.

Going forward, in 2022, MZEC will work diligently to ensure compliance with all OIA issued policies and ensure that its day-to-day-operations and decision making are held to good governance best practices.



## Business Outlook

The new price control 6 is effective from 01 January 2022 and the company will manage the resources in a well coordinated manner to ensure achievements of financial objectives beside of meeting all the regulatory requirements and the performance standards.

## Acknowledgment

On behalf of the Board, I would like to express sincere gratitude to His Majesty Sultan Haitham Bin Tariq for his wise and able leadership and to the Government of the Sultanate of Oman. I also thank Authority for Public Services Regulation, NAMA Holding Company, the sector companies, our valued customers and all stakeholders for the continued support and cooperation.

I also acknowledge and thank my fellow board members, management team and the entire staff of the company for their commitment, efforts and contributions during 2021.

**Ibrahim Said Masoud Al Suleimani**

Chairman Board of Directors

## BOARD OF DIRECTORS:



### **Chairman: Mr. Ibrahim Said Masoud Al Suleimany**

Elected as Chairman of Mazoon Electricity Company on December 7, 2020. He also holds memberships in boards of other Nama Group companies. He has diverse knowledge covering civil service, oil and gas, wastewater and electricity sectors with almost 30 years of experience working in the fields of human resources development, talent management and corporate communication. Mr. Ibrahim simultaneously handles the position of Executive Manager – Group HR at Nama Holding and is responsible for developing and implementing a wide range of human resource strategies for the entire group.

He guides and pilot's implementation of an effective human resources strategy for Nama Holding Companies to ensure continuous updating of HR policy, processes and practice. He acts as an internal consultant to other roles and directs the identification/resourcing of human capital needs.



### **Mr. Faisal Khamis Mohammed Al Daoudi**

Holds the position of Group Risk and Compliance Manager at Nama Holding. He is responsible for developing, maintaining, implementing and monitoring Nama Group Enterprise Risk Management (ERM) and Compliance Strategies. He has 19 years' of work experience having served in prestigious organisations performing diversified roles in auditing risk management and compliance sectors. Holding BA degree in accounting from Staffordshire University, Faisal has International Certification in Risk Management from Institute of Risk Management (The IRM –UK). He also has an International Certificate in Business Continuity (CBCI) and an International Certificate in Compliance.



### **MS. Munira Saloom Salim Al Harthi**

Currently works as Board Secretary, Group Document Management and Group Governance at Nama Holding Company. A work experience of over 15 years in different companies and roles has contributed to her unique leadership style and knowledge base. Holding an associated degree in Finance and Accounting from City and Guilds London Institute, UK, she has held leading positions at companies like Majlis Industrial Services (Sohar Port Area), Oman Cables and Jotun Paints. She has several certifications to her credit including

CPD Certified in Business Process Analysis and Mapping; MSP Foundation and Practitioner - Managing Successful Programs; PECB Certified ISO 900: 2015 Lead Implementer; IRCA Certified ISO 9001:2015 Lead Auditor; ISO 9001: 2008 Quality Management Systems and PECB Certified ISO 31000 Lead Risk Management.

# CEO'S REPORT

The company's management process, functions, and systems are built aligning with its mission and to contribute to the overall development of the nation by providing, safe, reliable, and suitable power and services and to keep our customers satisfied and delighted.

The robustness of the company's business continuity plan and the company's resilience capability were tested during COVID 19 and also during the Shaheen Cyclone and proved its effectiveness in managing these crisis situations and business continuity events effectively.

Further, Dealing with and implementing the tariff reforms to ensure full compliance with regulatory requirements and to provide the required support and responding to our customers was another key achievement during 2021. Another key achievement is the growth in our customers' acceptance of using the E-services and the company would continue its steps toward E-services and digitalization.

Despite all the challenges during 2021, the company was able to record an outstanding performance mainly because of a solid corporate strategy and business plan supported by the high commitment of employees along with QHSE standers



# EXECUTIVE TEAM:



**Salim Said Al Kamyani**

Chief Executive Officer



**Majid Nasser Al Busaidi**

Chief Operations Officer, Distribution



**Abdullah Said Al Kindi**

Chief Operations Officer, Supply (Acting)



**Saleem Nasser Al Mahrouqi**

Manager Health & Safety, Environment



**Khalfan Nasser Al Burtumani**

Senior Manager Regulatory & Corporate Affairs



**Mohammed Salim Al Ghenaimi**

Senior Manager Planning & Asset Management



**Said Juma Al Busaidi**

Manager Communication and Sustainability



**Sultan Saleem Al Alawi**

Senior Manager Shared Services



**Muntasar Abdullah Ambusaidi**

Senior Manager Human Resources



**Dilip George Vayaliparambil**

Senior Manager Finance (Acting)



**Biju Joseph Padanilam**

Business Development Expert

## SECTOR LAW AND REGULATIONS:

The electricity sector in the Sultanate of Oman comprises of three separate and distinct market segments: The Main Interconnected System ("MIS") in the north of Oman; the Rural System of the Rural Areas Electricity Company (TANWEER); and the Dhofar Integrated Services Company System (DISC).

The Oman Electricity Transmission Company SAOC (OETC) is the monopoly provider of transmission services in the (MIS) Main interconnected System. OETC owns and operates the 220 kV, 132 kV and 400 kV interconnected transmission systems, and as system operator is responsible for the central dispatch of generating and desalination facilities.

After electricity is produced at the various power plants, it reaches the customers who use the electricity. Electricity is transmitted long distances to substations through high voltage lines. High voltage transmission lines carry electricity long distances to a substation. The power lines go into substations near businesses, factories and homes. Here, transformers change the very high voltage electricity back into lower voltage electricity. The distribution system is the last stage in the electricity production, as the distribution system reduces the voltage and then transfers electricity to customers. In addition to substations, the distribution system includes wiring, poles, measurement, billing, and related support systems.

Mazoon Electricity Company pays Oman Electricity Transmission Company to connect to the company's network (distribution work), and uses the network (supply works). MZEC pays OPWP for bulk electricity purchases through bulk supply tariffs, which include costs paid by the company for its electricity purchases.

## Certifications:

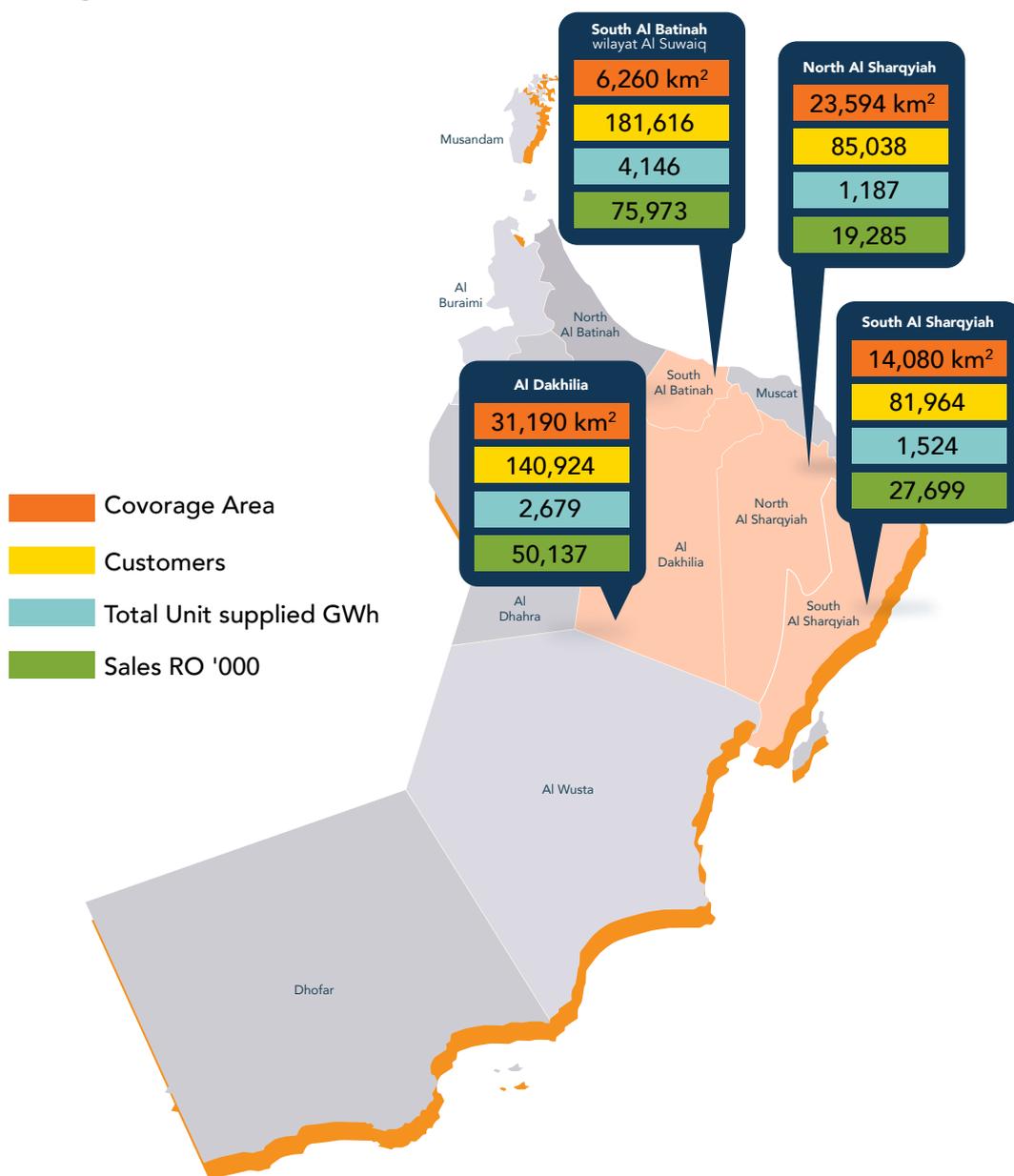


IT: ISO27001 recertification



Planning Asset Management: Recertification of ISO55001

## Coverage area:



# CORPORATE GOVERNANCE





# COMPANY PHILOSOPHY

The governance practices followed by the company align with principles outlined in code of corporate governance issued by the Capital Market Authority/Ministry of commerce and industry. Accountability, transparency, integrity and sound ethical principles constitute the core of the company's governance system. The governance system is implemented with an objective to ensure that business is conducted with a firm commitment to the values while meeting the stakeholders' expectations.

The Company's management structure is commensurate with the size of the organization and the company has implemented proper delegation of authority aligning with the corporate governance philosophy. The Company also aims at achieving sustainable growth and accordingly focus on all aspects of business. Further, the company has established systems to drive performance and compliances and thus to protect the interests of all the shareholders.

The company has also established the internal control systems and internal regulations & procedures to ensure the business is conducted in compliance with the corporate governance policies. The internal audit function is being managed by the centralized unit at the group level and the internal team provides the internal audit services to the company. The company has also appointed a legal advisor.

The transactions with the sector companies under the same holding group; i.e. the related party transactions, are in the normal course of business and are at arm's length.

The company's board consists of three non-executive directors. The Board has also constituted Audit and Risk Committee.

Board of Directors

# COMPOSITION OF THE BOARD

Company's Board consists of three members nominated by the shareholders - Electricity Holding Company SAOC, Nama Shared Services LLC and Numo Institute for Competency Development LLC.

Details of the Directors of the company holding their office as of 31 December 2021 and their membership in other companies in Oman are as follows;

## **Mr. Ibrahim Said Masoud Al Sulaimani- Chairman**

- Nominated by Electricity Holding Company
- Non-Executive Director
- Chairperson of other Boards- 1
- Member of other Boards
- Member of other Committees- 1

## **Ms. Munira Saloom Salim Al Harthy- Deputy person**

- Nominated by Electricity Holding Company
- Non-Executive Director
- Chairperson of other Boards- NIL
- Member of other Boards- NIL
- Member of other Committees- NIL

## **Mr. Faisal Khamis Mohammed Al Daoudy- Member**

- Nominated by Electricity Holding Company
- Non-Executive Director
- Chairperson of other Boards- NIL
- Member of other Boards- NIL
- Member of other Committees- 1

Member	Position	AGM	Board Meetings					
		24-03-2021	13-01-2021	23-02-2021	19-04-2021	27-05-2021	27-09-2021	14-12-2021
Mr. Ibrahim Said Masoud Al Sulaimani	Chairman	✓	✓	✓	✓	✓	✓	✓
Ms. Munira Saloom Salim Al Harthy	Deputy Chairperson		✓	✓	✓	✓	✓	✓
Mr. Faisal Khamis Mohammed Al Daoudy	Member		✓	✓	✓	✓	✓	✓

**Table 1**

## AUDIT AND RISK COMMITTEE:

The Board constituted the Audit and Risk Committee pursuant to Article (54) of the Articles of Association and its terms of reference include all matters specified under that article, mainly;

- To ensure the adequacy of internal control systems through regular reports from internal and external auditors
- Recommend appointment/reappointment of external auditors and study their scope and audit plan and ensure no restrictions or limitations have been imposed on the scope
- Serving as a channel of communication between the Board of Directors and the Auditors
- Gain an understanding of the financial and reporting risks and the mitigation measures.
- Review the appropriateness and ensure adoption of accounting policies, and the impact of changes in the accounting policies in the financial statements
- Review significant accounting and reporting issues including recent professional and regulatory pronouncements and understand their impact on the financial statements
- General oversight of financial matters and review and recommend interim and Annual financial statements for approval by the Board

- Meet with the management and the auditors to review the financial statements
- Receive the internal audit reports and discuss with the management and ensure proper follow up of the closure of the observations
- Review the Risk Management policy and procedures and recommend to board for approval and ensure that major risks are adequately addressed so that the residual risks are within the acceptable levels
- Receive and review regular reports from the management on the risk management including the capital and liquidity risks management policies and strategies
- Obtain regular updates from the management and the legal regarding compliance matters

The Audit Committee comprise of two nonexecutive directors of the Company. The meetings of the Audit and Risk Committee are as follows;

Member	Position	ARC Meeting			
		22-02-2021	25-05-2021	26-09-2021	12-12-2021
Mr. Ibrahim Said Masoud Al Sulaimani	Chairman	✓	✓	✓	✓
Mr. Faisal Khamis Mohammed Al Daoudy	Member	✓	✓	✓	✓

**Table 2:** Audit and Risk Committee Meetings

## REMUNERATION MATTERS:

The company paid RO 586 thousand towards remuneration to the key management personnel (including the Directors sitting fee and remuneration of RO 16,350) during the year. No sitting Fee was paid to the members of the Board of the Mazoon Assets Company, the 99.99 percent subsidiary of Mazoon Electricity Company

## TRAINING PROGRAMS ATTENDED BY THE DIRECTORS:

Member	Position	Program	Date	Venue
Mr. Ibrahim Said Masoud Al Sulaimani	Chairman	Effective Board member program (attended 2 days)	27-28 June 2021	Online
Mr. Faisal Khamis Mohammed Al Daoudy	Member	Effective Board member program	(20-23 September 2021)	Online
Mr. Faisal Khamis Mohammed Al Daoudy	Member	Advanced Board member program	(29-30 September 2021)	Online

**Table 3:**

## CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES:

The company encourages and supports the solar system projects initiated by the customers. Accordingly, during 2021, around 40 such solar projects, with a total capacity of 8.49 Mega Watt, were completed and energized in company's authorized areas.

## NON-COMPLIANCE BY THE COMPANY:

No penalty or strictures have been imposed on the company by Muscat Securities Market/Capital Market Authority or Ministry of Commerce, Industry and investment promotion on any matter related to capital market during the year.

## COMMUNICATIONS WITH THE SHAREHOLDERS **AND INVESTORS:**

The company maintains close liaison with the Major shareholder Electricity Holding Company (EHC), for various strategic initiatives and policy matters. The company's financial and operational performances are reviewed regularly by monthly reporting to Electricity Holding Company. The company's annual report will be forwarded to the shareholders EHC, Numo Institute for Competency Development LLC and Nama Shared Services LLC.

## DISTRIBUTION OF **SHAREHOLDING:**

As at 31st December 2021 the shareholding was as follows:

Shareholders	Shareholding	
	RO	percent
Electricity Holding Company SAOC	149,985,000	99.99
Numo Institute for Competency Development LLC	7,500	0.005
Nama Shared Services LLC	7,500	0.005
Total share capital	150,000,000	100

**Table 4:** Distribution of Shareholding

## THE STATUTORY **AUDITORS:**

M/s. EY were the Statutory Auditors of the Company for the year 2021.

# CORPORATE STRATEGY

The strategic business plan aims to set a clear vision and strategic direction to the business of the company and to assist the management in focusing its attention on the key responsibilities towards the shareholders while complying with the regulatory requirements. The plan identifies objectives, milestones, risks, issues and challenges, in addition to the financial plans that will need to be addressed during the period of this plan. The business plan also addresses the associated risks and challenges while envisaging the desired state the company would like to achieve.

The company has grouped the strategic objectives under six strategic themes. The company has adopted MSP approach to manage the strategy implementation and assigned Senior Responsible Owners for each strategic theme to manage the related projects. A strategic plan for each theme has been prepared ensuring its' alignment with other plans and milestones have been set for achieving the targets.





## The strategic themes:



## The strategic objective:



Improve network security, reliability, and performance



Enhance and implement 100% effective self-healing system in QHSE.



To be a model of service excellence in meter reading, first time resolution and customer satisfaction.



To improve communication with key stakeholder



Create high performance in working environment to achieve professionalism.

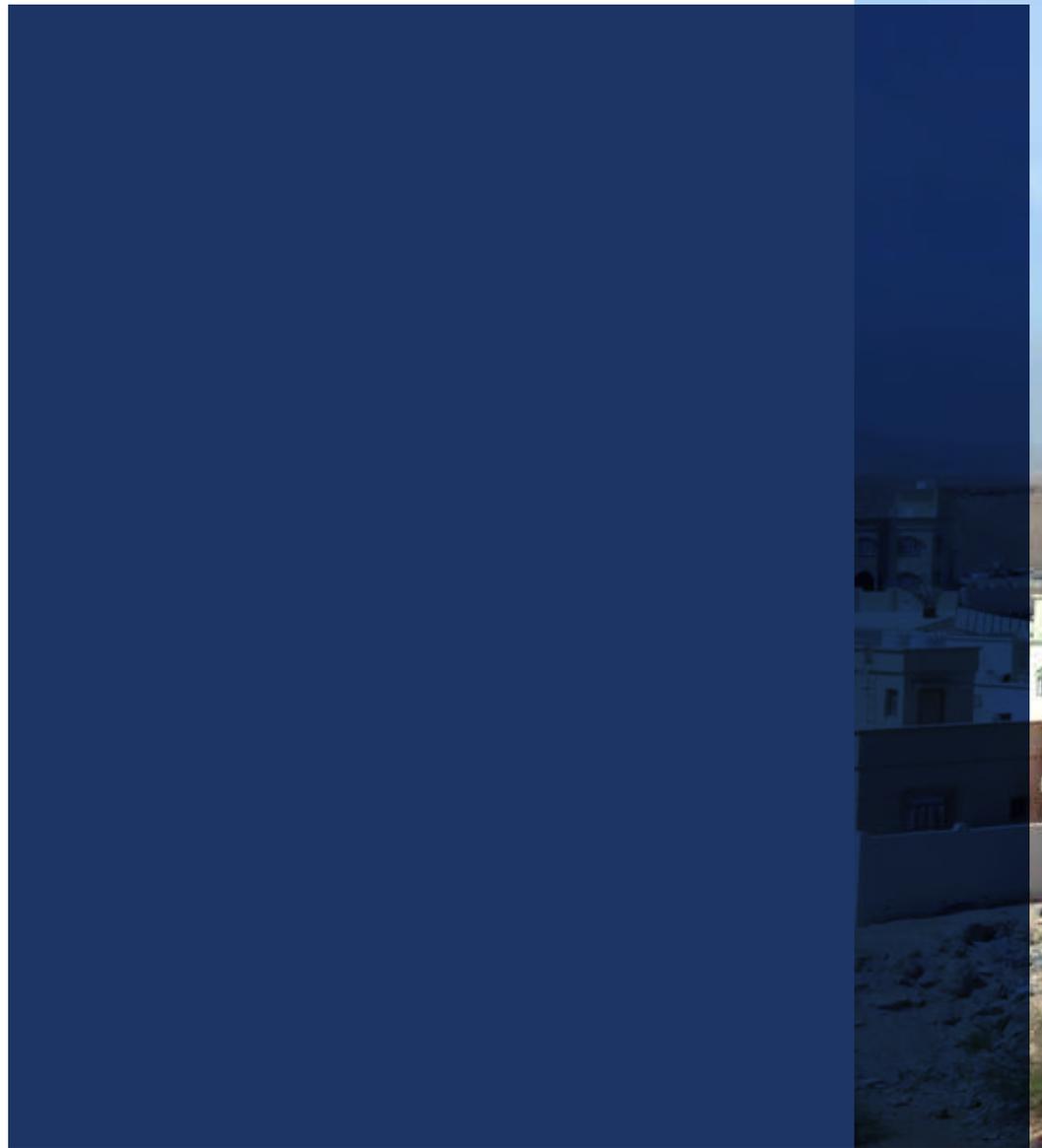


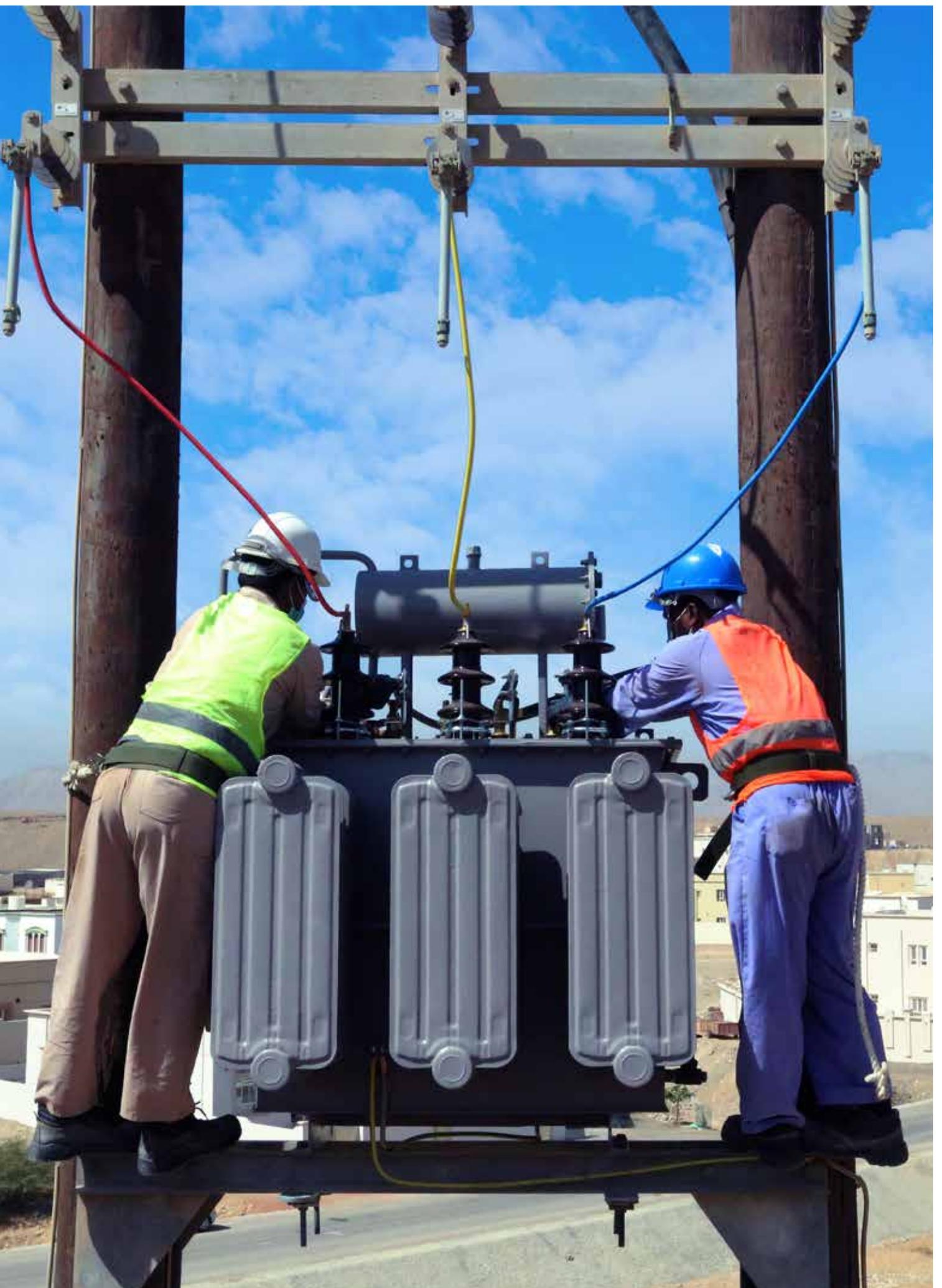
Maximise return on investment and optimise quality working capital management



Enhance digitalization and cyber security compliance.

# HEALTH, SAFETY & ENVIRONMENT





Mazoon Electricity continued to work on implementing a comprehensive QHSE plan in all the activities. The main activities were spreading awareness and building a 'safe environment' through enhancing the culture among the employees and the society. In line with our strategy, the company's QHSE team launched campaigns related to safety at home, public safety, road safety and illegal electrical connections' risks. 2021 was a year marked by significant HSE performance and company did not record any fatality at all business for the fifth year continuously.

## Industrial hazardous waste management

In continuance of its efforts to improve integrity and reduce environmental impact arising from its operation, MZEC uses modern approaches to handle hazards by following best international practices and complies with relevant Oman Environmental Law.

Waste Description	Unit of measurement	Total
Oil	Dram/Liter	478
Batteries (All types related to Batteries)	NO's	148
Silica Gel	KG	748

**Table 4**

## Reduce greenhouse gas emissions

Mitigating climate change means increasing our use of renewable energy. MZEC has ambitious plans to utilize technology that reduce carbon print. Moreover, the company has initiated the process for using solar energy at one of its primary substations to help reduce electricity consumption. A pilot project is underway to study the feasibility of using renewable energy in Mazoon Electricity's network.

## Recycling of oil transformer

As a responsible business, MZEC has a strong commitment for conducting its activities in a manner that prevents pollution and complies with relevant legislation, industry standards and codes of practice. In 2021, a filtration plant at the Transformer workshop had recycled 1,339,500 liters.



## MZEC RESPONSE TO COVID-19:

Mazoon Electricity Company has put in place a set of precaution measures to mitigate the impact of the coronavirus pandemic on the health of MZEC workforce and to ensure the continuity of electricity supply to all customers. The safety-first culture across our company ensures that our staff are confident to come to work and support the everyday energy needs in our granted area in Oman by implementing the following initiatives: -

1. The launch of 2 vaccination campaigns for MZEC staff
2. Conducting of several awareness programme on topics such as stress management and safe return to work
3. Applying work-from-home process
4. Reducing staff attendance at workplace by 50%
5. Encouraging online meeting and auditing.



# HSE

## REPORTING SYSTEM:

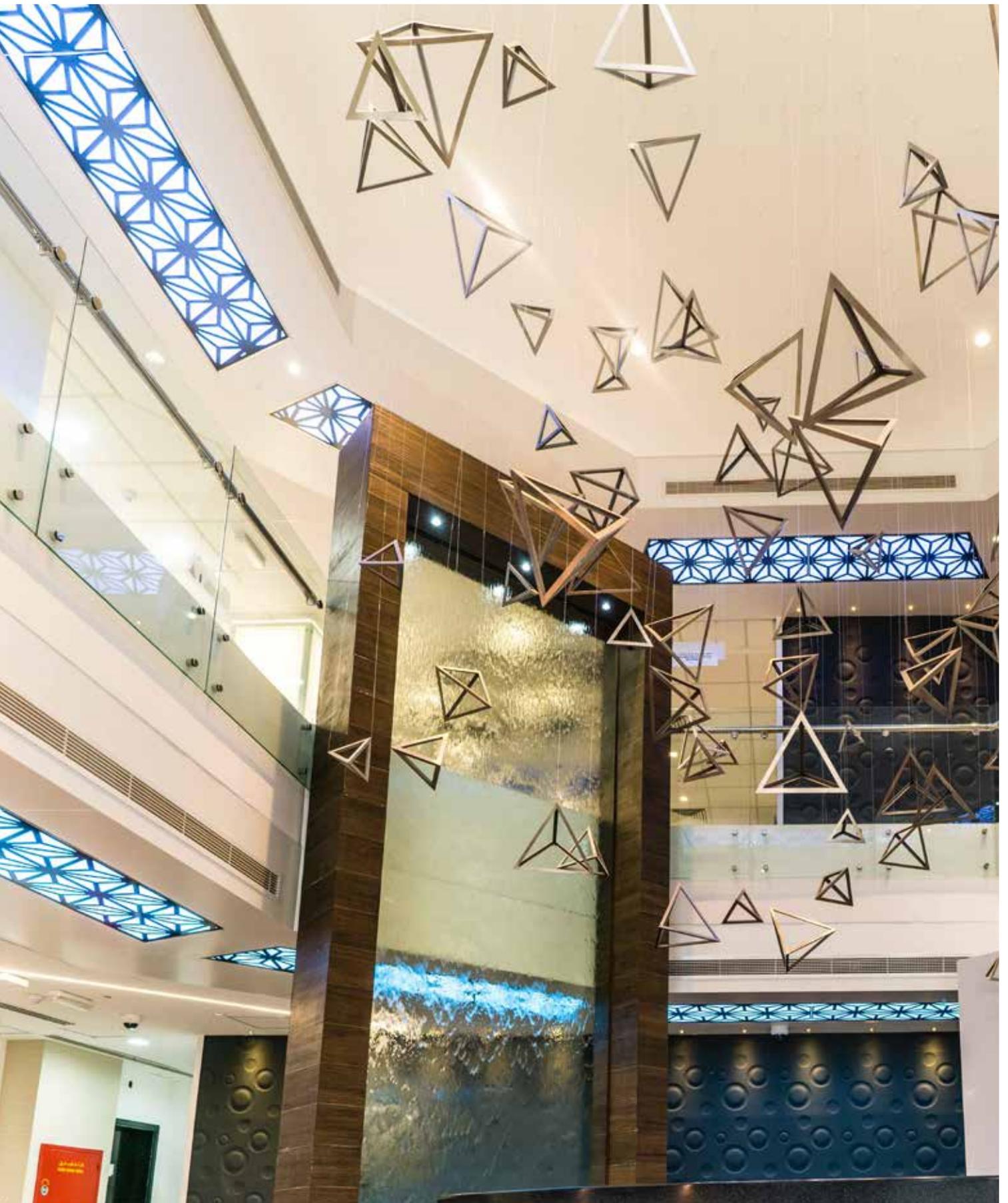
In 2021, Mazoon Electricity Company has maintained a proactive culture in HSE reporting through NIMS. All incidents, injuries and near misses must be reported in accordance with Mazoon Electricity incident management procedures to ensure appropriate actions are taken to prevent reoccurrence and ensure a safe and healthy work environment at all Mazoon Electricity workplace.

Our lost time injury frequency rate (LTIFR) of 0.12 during 2021 was generally in line with the expectation performance trend. We remain focused on reducing the risk of personal injury across our operations and businesses by promoting a safety-first culture and maintaining robust risk management procedures.

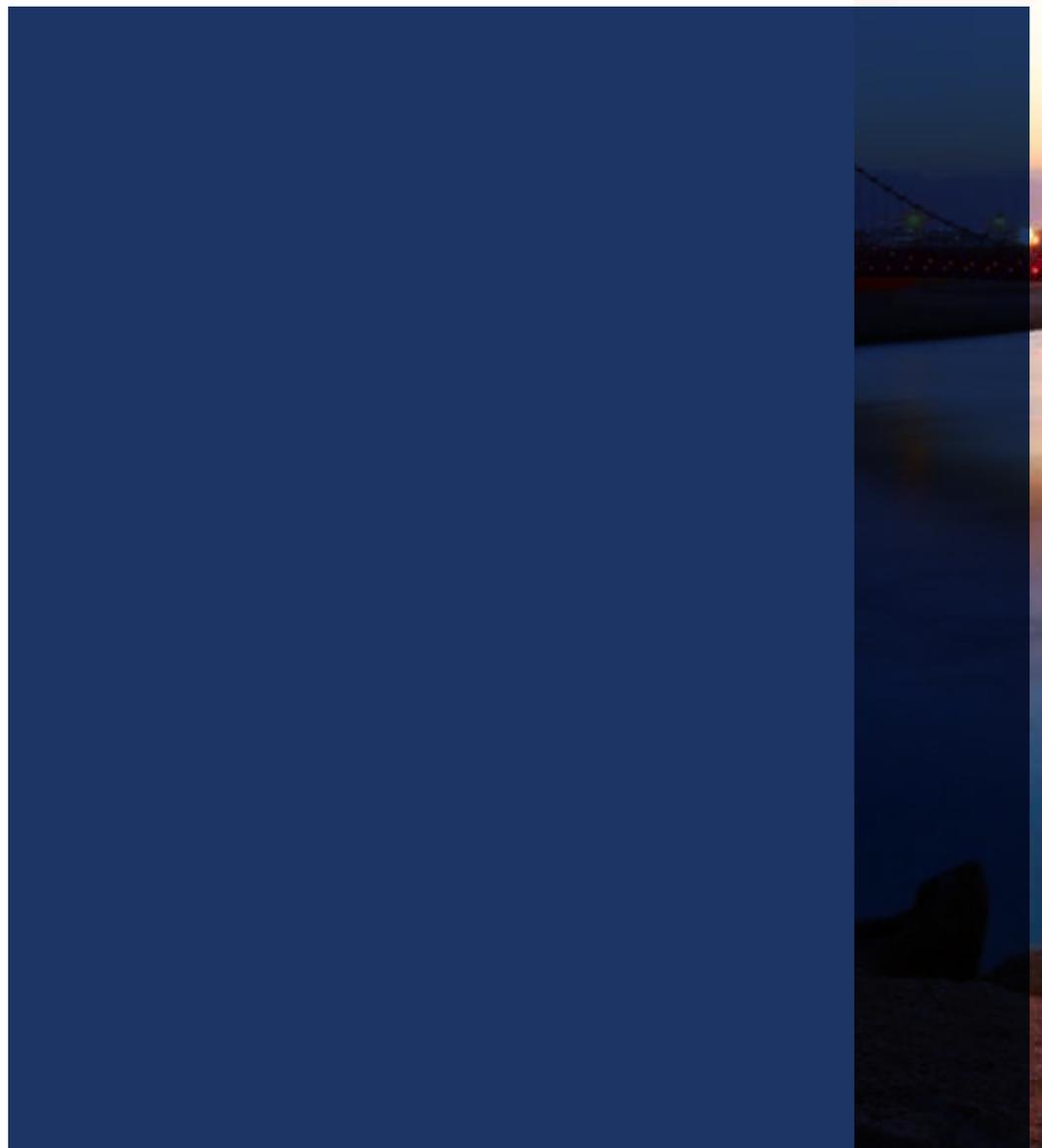


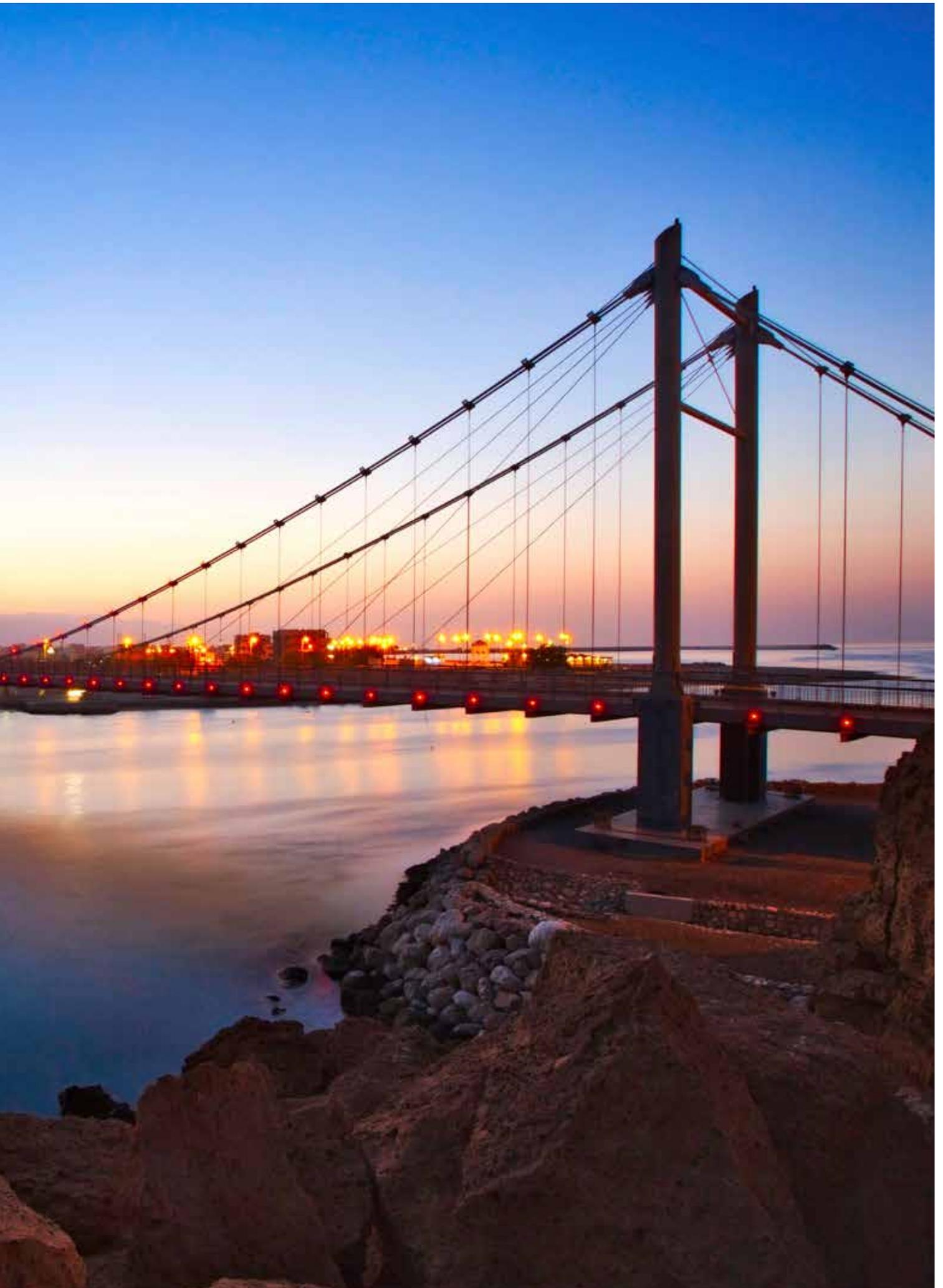
## OPERATIONAL EXCELLENCE:

In 2021, Mazoon Electricity continued the roll out of auditing HSE compliance in operation, maintenance to assess the performance operational safety, with an emphasis on ESR implementation in switching programs, working at height, lifting safe operations, environment management in switching programs and office safety. Audit findings came with effective findings that described areas where improvement was required.



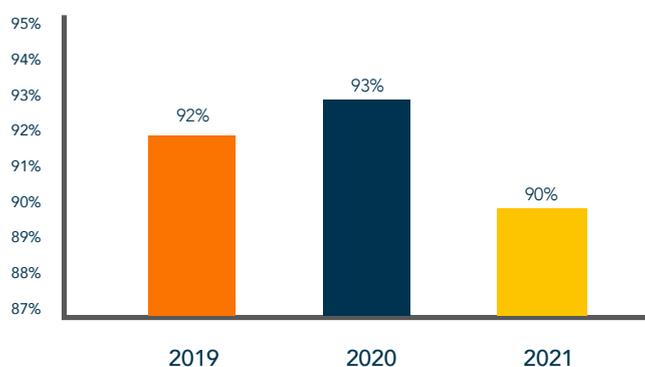
# CUSTOMER EXPERIENCE





# CUSTOMER EXPERIENCE:

In 2021, MZEC has worked to continuously improve the services provided to the customers, and maintained the quality of services provided despite the external challenging factors that were imposed to the operations of the company. Factors include but not limited to: government direction to implement tariff reform project which has had an immediate impact to the customers. Further, the continuous impact of COVID-19 which affected customer's accessibility to the front line services. Therefore, the company took an action to digitize and centralize the services via the website, contact center and mobile applications which contributed to the stability of services provided.



**Figure 1** Results of the voice of customers (VOC) survey (2019-2021)

Despite major changes in tariff regulation announced by the regulator, the company maintained a high level of satisfaction rate based on the Voice of Customers Survey.

The continuous improvement in VOC mainly due to:

- Maintaining the implementation of Customer's segmentation strategy;
- Implementation of Customer Experience Policy;
- Implementation of Customer Experience plan for the customer's path from requesting the service to obtaining it.
- Improving engagement with customers via different channels ensuring tariff reform changes are well communicated to the customers.

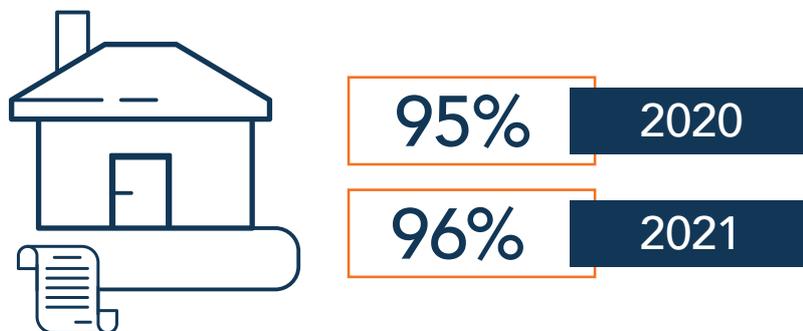
## A. Customer base and new connections



A. Customer base and new connections

The new connections are driven by expansion on construction of new premises/properties. According to the market & economic situation, the construction activities decreased in 2021 compared to previous years and this resulted in the decrease of new connections accordingly.

## B. Bill distribution

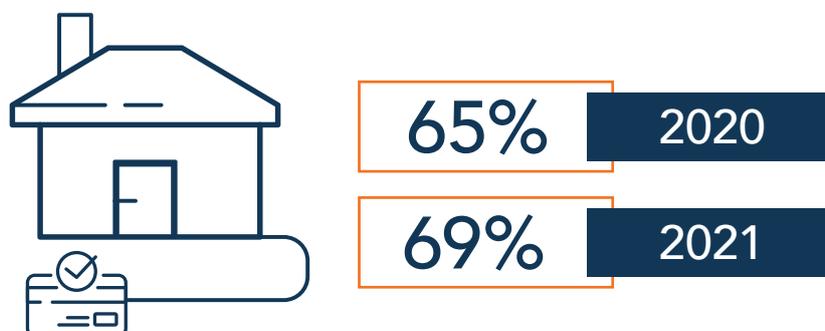


B. Bill distribution

Due to the importance of updating customer data for issuing electricity bills, the company has implemented several initiatives to modify/update customer data, including:

- Intensive campaign to update customer data using all available communication channels.
- Creation of a page on the website for customers to update their account data in easy and quick steps.
- Organizing workshops for customers on the importance of updating their account data.

## C. Collection and customer contact



C. Collection and customer contact

- 97.5% of private customers updated their contact details.
- 68% of customer are using E-services.
- Enhanced campaigns on the electronic payment channels
- Digitizing bills distribution via SMS and other electronic channels which encouraged customers to follow the bill payment instructions
- Increased overall trust on electronic payments

## D. Improvement in contact center services:

Completed centralizing of the below services to be under one contact channel, which reduces time & efforts of customers:

Customer information update:

- Prepaid services support
- Management of customers with special needs
- Management of non-payment related reconnection
- Payment installment facility
- Outage related communication
- Customer complaints
- Temporary connections (short term)
- Self-meter reading
- Others

E. Contact Center statistics:

**Total answered calls  
by agents**



2019	149,464
2020	139,984
2021	173,300

**Average handling time  
(AHT) Minutes**



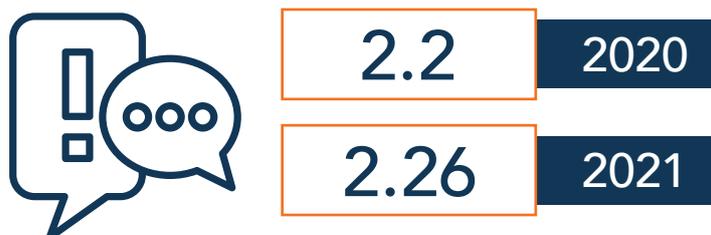
2019	0:01:45
2020	0:01:59
2021	0:03:14

• **The reason behind increasing the total handling time from 19,057 in 2020 to 23,393 in 2021 are due to many factors illustrated as following:**

1. Most of the enquires were related to the customer inquiries and application for prepaid service (Siraj).
2. The new tariff category (Residential, Non-residential, Commercial and CRT) which was announced by the Government in last quarter of 2020 to be implemented by 2021 led many customers to call for clarification. This consequently raised the average speed answer from 0:01:59 in 2020 to 0:03:14 in 2021.
3. The centralized service related to payment plan installment has been shifted from offices to contact centers This installment option was offered through the MZEC offices to customers who have difficulties in paying their bills to avoid the need to cutting off power supply due to payment overdue. However, to be able to manage the service more efficiently, the payment installment process has been shifted to the contact center to ensure a more centralized and streamlined process.
4. Shaheen cyclone increased the calls for enquires and complaints

## G. Improvement Actions in Complaints resolution

Complaint handling performance (Average days to close customer complaints) 2020-2021



# TARIFF REFORM

There have been changes and developments in the state of the general economic plan as per the National Programme for Fiscal Balance (Tawazun). Oman's government has approved the subsidy reform programme raised by Tawazun for the electricity sectors.

One of these major initiatives is the reform of electricity and water subsidies. This will take a gradual implementation approach starting in January 2021. In line with the program for reforming electricity and water subsidies, new tariffs were implemented for electricity and water services effective 1 January 2021.

The subsidy reform initiative aims mainly to:

- Enhance the efficiency and sustainability of the utility sector
- Improve the efficiency of government spending and its financial sustainability
- Enhancing the social safety net ecosystem by rechanneling government subsidies to the segments of society most in need.

## **National transformation program for Smart & Prepaid meter**

MZEC along with other sector companies is undertaking a 1.2 million smart meters rollout nationwide over the next five years. This initiative which is basically in line with the Sultanate's Oman Vision 2040 for socio-economic development, is considered a leading national project in terms of digital transformation, with the smart meters set to replace mechanical meters. The objectives of Oman Vision 2040 are focused on keeping pace with global developments and employing technology in delivering electricity-related services effectively and efficiently that will support the development of smart, sustainable cities with advanced basic services. Benefits anticipated include regular and more accurate meter reading and billing, the elimination of discretionary meter reads and the development of new services for customers, who also will be able to monitor and manage their consumption. The metering solution will support to improve the service and minimize the network losses..

MZEC will bear the costs of replacement and operation of the new smart meters and steps will be taken to ensure that meter readers are not impacted by the change.



## TALENT MANAGEMENT

The workforce in Mazoon Electricity is the most valuable asset. With the network expanding and the workload increasing, the number of employees in the company increased from 549 in 2020 to 573 in 2021. The Omanisation percentage reach 98.89%. In addition, during COVID-19 Learning Management System (LMS) online workshops were extended to all the staff, and 1150 courses were completed.

### Omanisation



**98.89%**

# INFORMATION TECHNOLOGY & CYBER SECURITY

Mazoon Electricity launched a number of process automation services during 2021 including customer information update, initial connection requests, VAT registration, tender submission workflow, asset performance/relocation and control center and switching management system. These services enhance time and effort optimization and improve reporting quality.

In addition, IT department refurbish IT infrastructure and replace it with new technology. The new technology reduces the space requirements, improve power and cooling consumption, and enhance the business recovery process.

From the cyber security perspective, information technology department passed the internal ISO27001 auditing with zero nonconformity to the standard and it is ready for the recertification stage which will take place during Jan 2022. It is worth noticing that the ISO27001 implementation for this phase was conducted internally without any vendor support. During 2021, it was mandatory that all Mazoon electricity staff pass an online security awareness sessions training course. OTP service was also implemented to add another security layer while accessing Mazoon Electricity Network.

In connection to end-user support, information technology department addressed about 15,871 support requests from company staff at all offices, successfully closing 95% of the support requests. Finally, IT department has successfully shifted its operation to the new offices at AlMudhaibi and Bahla without customer service interruption.

## Digitalization Plan

During COVID-19 pandemic, business leaders in Mazoon Electricity cognised that automation and digitalisation business processes are important for the success of the organisation. They also understood that automation processes are no longer considered a 'nice to have' but it's imperative to the operation. This global pandemic crisis forced leaders to accelerate their digital transformation plans not only for the long run, but to meet the immediate challenges they faced. As the world heads toward digital transactions, study shows that, for organisations to survive and adapt future way of business trading, they must automate about 90% of their business' internal and external processes.

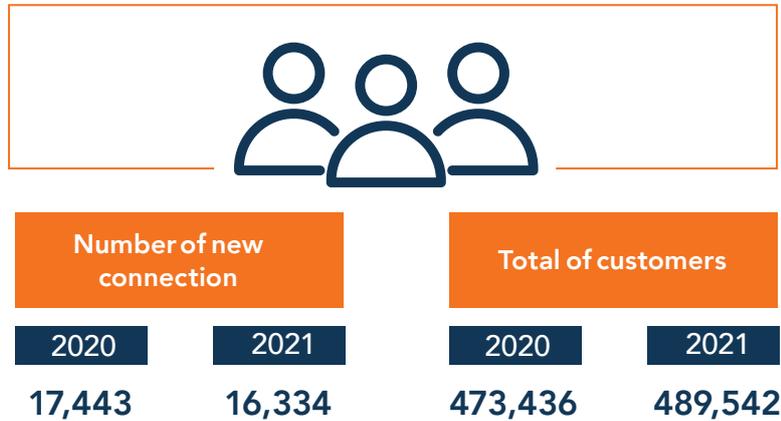
In Mazoon Electricity, nearly around 50-80% of internal and external process are done manually (through paper) which is consider a very high percentage when compared to the business size. To eliminate the risk of being left behind and to stay ahead, the company has planned to start transferring its business process from manual to automated. To achieve the required transformation, the organisation is planning to implement a five-year digitalization strategy starting from 2021 till 2025.

# OPERATION PERFORMANCE





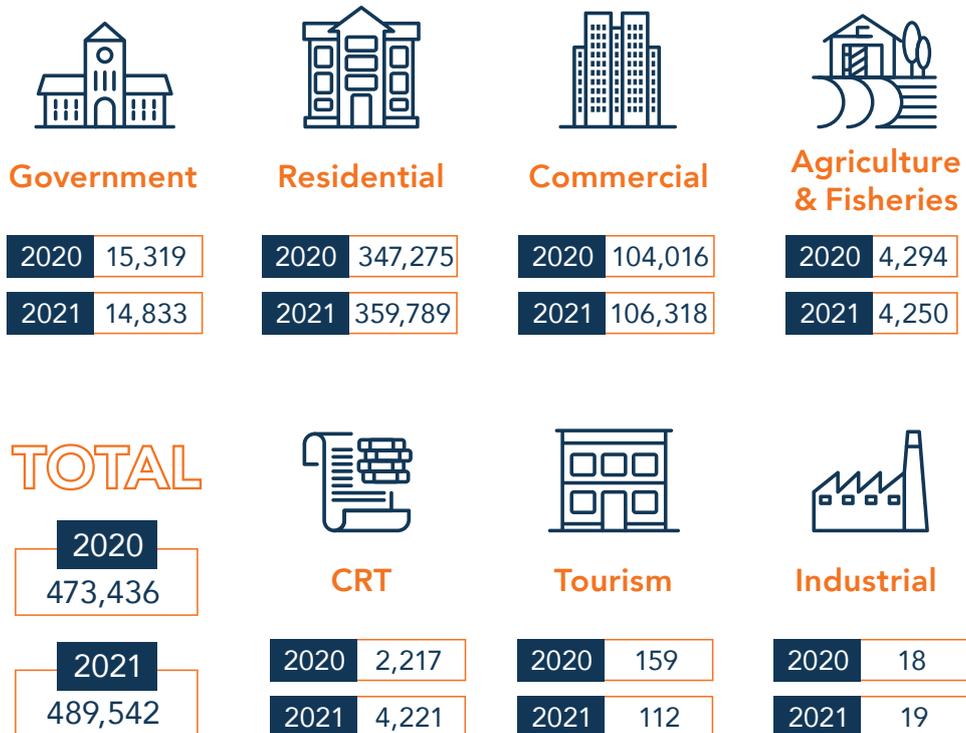
## A. Customer Base



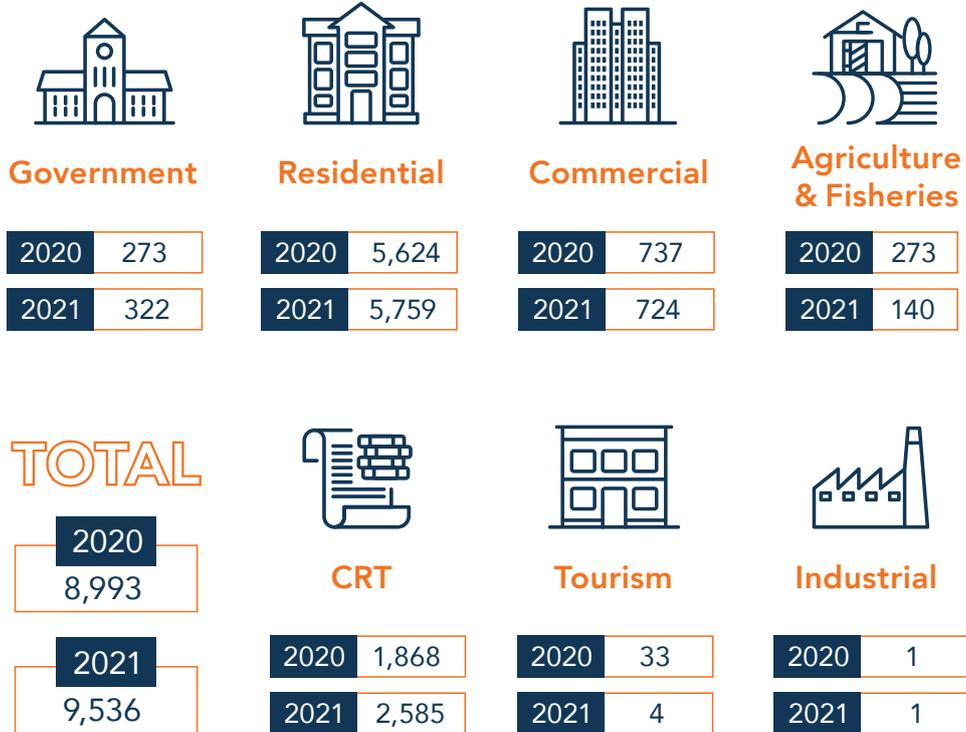
The new connections are driven by expansion on construction of new premises/properties. According to the market & economic situation, the construction activities decreased in 2021 compared to previous years and this resulted in the decrease of new connections accordingly.

\* CRT includes government and Private customers whose consumption exceeded 100 MWh

## B. Customer category (Non CRT)



### C. Unit sold per customer category GWh



### D. Tariff category GWh category (CRT)



## E. Break down of revenue per customer category OMR ('000)



### Government

2020	3,590
------	-------

2021	7,956
------	-------



### Residential

2020	62,395
------	--------

2021	71,786
------	--------



### Commercial

2020	14,686
------	--------

2021	18,346
------	--------



### Agriculture & Fisheries

2020	3,764
------	-------

2021	2,022
------	-------

## TOTAL

2020	138,955
------	---------

2021	173,094
------	---------



### CRT

2020	50,267
------	--------

2021	72,884
------	--------



### Tourism

2020	601
------	-----

2021	91
------	----



### Industrial

2020	23
------	----

2021	9
------	---

## F. Revenue Category (CRT) OMR ('000)



### Industrial

2020	3,094
------	-------

2021	3,510
------	-------



### Government

2020	7,199
------	-------

2021	27,354
------	--------



### Commercial

2020	14,686
------	--------

2021	36,145
------	--------

## G. Demand profile MW



### Peak load MW

2020	2,256
2021	2,339



### Minimum load MW

2020	384
2021	853

## H. Unit sold GWh



### Total unit sold

2020	8,993
2021	9,535

## I. Sales Revenue OMR



### Total Electricity Revenue

2020	138,955
------	---------

2021	173,094
------	---------

## J. Electricity losses



### Total losses

2020	11.11%
------	--------

2021	10.25%
------	--------

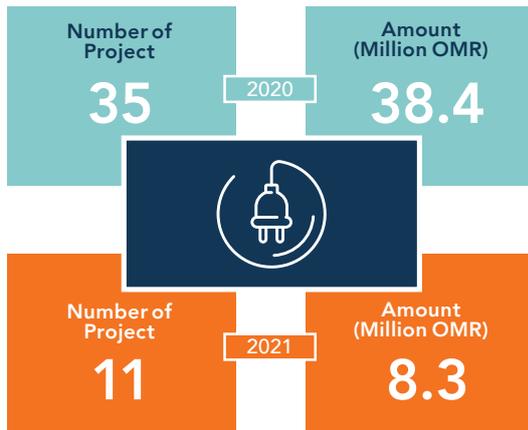
## K. Staff



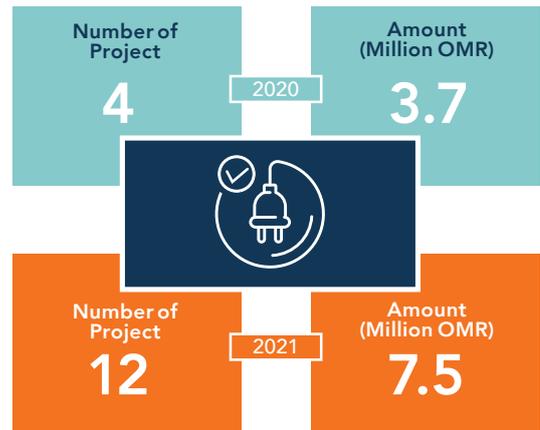
Staff		Customer served Per staff	
2020	2021	2020	2021
555	573	853	854

## L. Electricity reliability investment

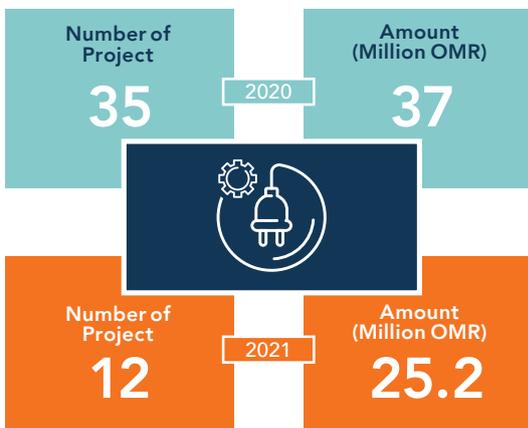
### Capital works completed (Energized)



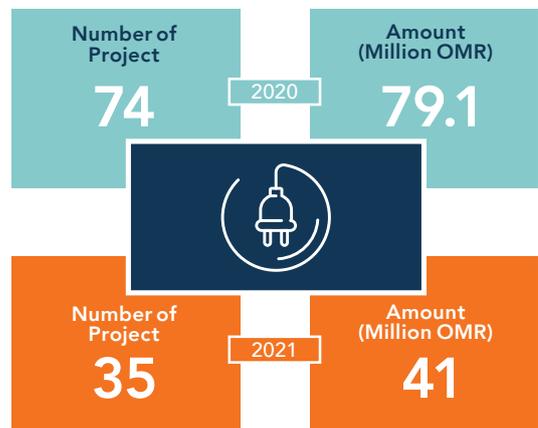
### Projects under commissioning Phase



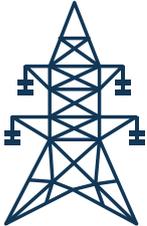
### Projects under Execution Phase



### Total Projects

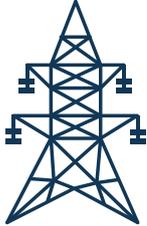


# M. Number of stations



## Grid

2020	32
2021	32



## Primary

2020	284
2021	282

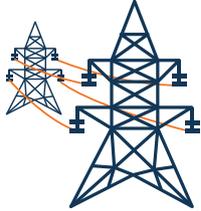


## Distribution

2020	20,792
2021	22,136

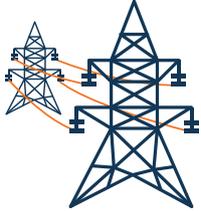


# O. Network Growth Km



## Network length

2020	42,334
2021	44,327



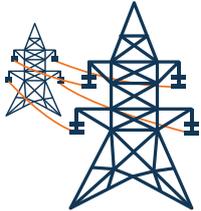
## Total overhead cables

2020	24,441
2021	24,832



## Total underground lines

2020	17,892
2021	19,495



## % of overhead cables

2020	58%
2021	56%



## % of underground cables

2020	42%
2021	44%

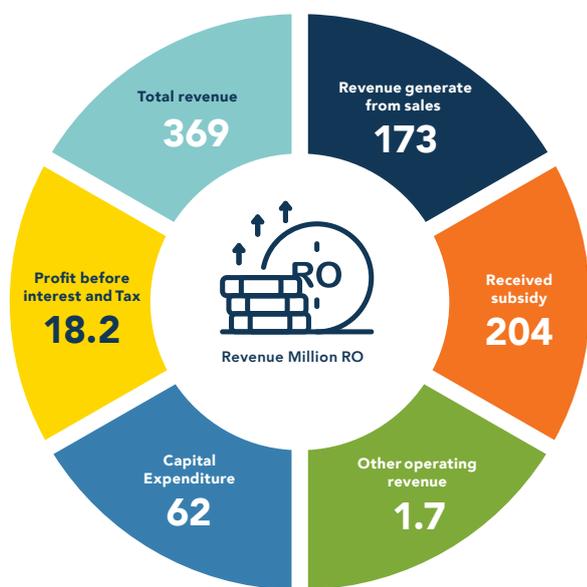


# FINANCIAL PERFORMANCE





## A. Revenue million RO



2021



2020

### Revenue from sales



#### Total Million RO

2020	138,955
2021	173,094

### Revenue category CRT



#### Total CRT Million RO

2020	50,267
2021	72,797

## B. Expenditure



## C. Cost per category (RO)



## D. Days Sales Outstanding (DSO)



## F. Total assets



# COMMUNICATION AND SUSTAINABILITY





## Communication Guidelines

As a leading electricity provider in Oman, Mazoon Electricity has a responsibility to ensure that all communications, both external and internal are factual, accurate and credible.

Communication being a key factor to maintain a healthy company culture, an effective communication strategy is integral to company's success and eliminates the possibility of incorrect information being circulated. Hence managing company communication is at the core of Mazoon Electricity, as it allows the smooth flow of information across all levels.

During 2021, MZEC launched Communication Guideline which reflect the company's mission, vision, values, objectives, and development always.

The document signifies the importance Mazoon Electricity pays to internal and external communication. It also defines the policy and procedures that constitute the framework for all communication activities in Mazoon Electricity.



## Communication Campaign for Coastal Area project

Electrical networks have been affected in the coastal areas due to external factors such as high humidity, high salinity and wind loaded with sand grains. These factors have caused the disruption of the conductors, corrosion of external steel and damage of LV cabinets, transformer conservators, radiators, support steel work and stays leading to frequent power outages in these areas.

By taking up the coastal area project, we have ensured our commitment to enhancing the reliability and quality of electricity service for the customers in the distribution areas. The project reflects the expectation of Oman Vision 2040 that lays down the foundations to build national capabilities and achieve economic growth and social well-being. At every step possible, Mazoon Electricity intends to contribute to this progress journey of Vision 2040.

The Coastal Area Project is one of the biggest investment projects of MZEC and therefore, a 360° communication strategy was put in place with a full media campaign (Print, Radio, TV), use of internal and external channels as well as a dedicated theme. The main communication goal was to communicate the information of the coastal area project to the target audience.

The campaign outcomes were at the high satisfactory level:

- 1. Excellent exposure on the project, MZEC as a company and its spokespersons
- 2. 5 out of 7 shows were broadcasted LIVE on social media.
- 3. Radio accounts in SM had a huge number of followers reflected a good number of views and a vast public exposure.

### Communication initiatives and achievements:

#### Followers



#### Engagements



# SHAHEEN CYCLONE:

As a national humanitarian duty, MZEC had responded to Shaheen cyclone that affected South & North Batinah on 3rd October 2021. In addition to the field works to restore electricity supply in the Wilayat of Suwaiq & the affected areas in the Wilayat of Musanah, our tasks were to spread awareness messages, alerts & updates of supply restoring Via social media, influencers and other media channels. We shared our awareness messages, alerts and achievements on our Twitter, Instagram and Facebook accounts. We also had Radio & TV interviews in addition to press releases in different newspapers.

We engaged with most of our stakeholders in rectifying Shaheen cyclone effects. Our employees volunteered in checking domestic electricity connections, spreading awareness, cleaning & other social activities as a part of Wiyakum Project.

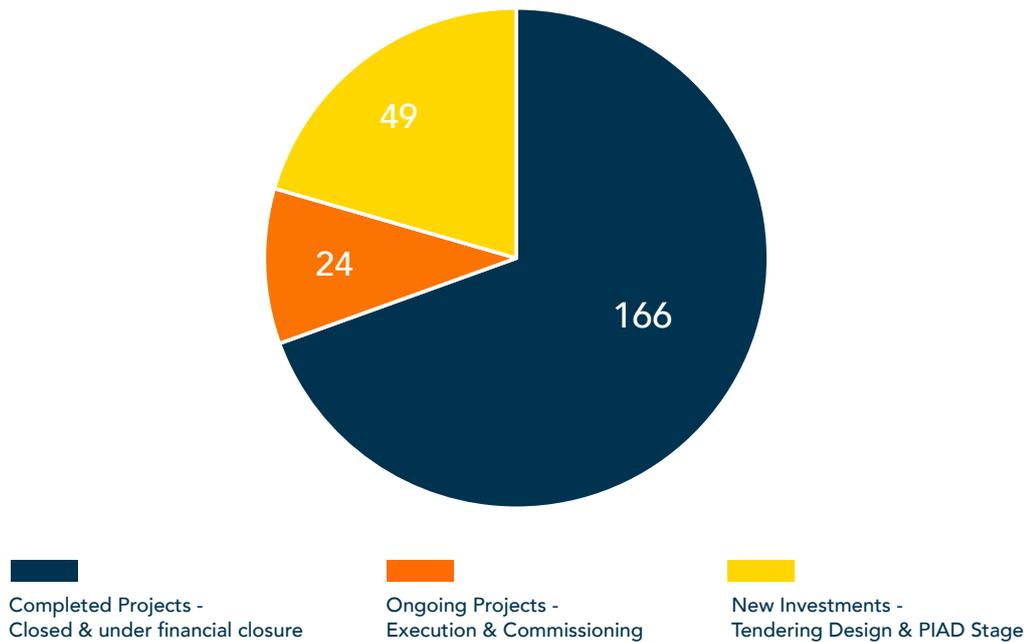
## Summary of Major Projects Achievements

The Projects Management Division sets, maintains and ensures standards for project implementation across that organisation. It provides guidance and standards in the execution of projects in a safe and time bound manner while safeguarding the projects that have been delivered. The team monitors, supervises and controls the project implementation by way of site visits, HSE inspection, quality assurance and control. It also reviews project progress reports, holds meetings with the project team to assess the progress, and escalates critical issues. The team also provides support in obtaining approval and consent from various government departments during survey, design and implementation process. In 2021, Mazoon Electricity invested in upgrading and constructing several primary substations. The additional installed capacity is now 194 MVA with eight new primary substations and upgrade of one existing PSS as of December 31, 2021. This was dispersed in all company licensed areas.



## Network System Development

MZEC continued to execute the projects planned in 2021 without compromising safety and quality even during Covid 19 pandemic. It managed to complete most projects according to the proposed plan. Several major projects were completed and added to the network. The value of the projects work done during 2021 is approximately OMR 66.5 million.



**Figure 5:** Status of PC5 Projects as on 31st December 2021

## Coastal areas networks project

One of the key important projects is related to renewing the distribution networks in the coastal areas of South Al-Sharqiyah Governorate that our company has undertaken. The electrical networks have been affected in the coastal areas due to external factors such as high humidity, high salinity and wind loaded with sand grains. These factors have caused the disruption of the conductors, corrosion of external steel and damage of LV cabinets, transformer conservators, radiators, support steel work and stays leading to frequent power outages in these areas. By taking up these coastal projects, MZEC has ensured the commitment in enhancing the reliability and quality of electricity for the customers in its distribution area. MZEC is adhering to all safety procedures while carrying out extensive measures in the area to regenerate the network. The project will be executed through different phases at a budget of over OMR 15 million. These projects are in line with expectation of Oman Vision 2040 that lays down the foundations to build national capabilities and achieve economic growth and social well-being. At every step possible, Mazoon Electricity intends to contribute to this progress journey of Vision 2040.

By renewing the electrical network in the coastal areas, MZEC is continuing to invest in enhancing customer experience and improving efficiencies. As per the vision of the company, MZEC will continue to enrich the life of its customers by providing reliable and sustainable electricity.

## Demand Forecast

MZEC's annual peak demand forecast is the essential first value of the input into development plans. Annual peak demand is the highest rate of energy demand across the course of a year. MZEC ensures that the distribution networks can provide a reliable supply under the most strenuous load demand conditions by monitoring and planning for peak demand. MZEC is monitoring and reviewing the peak demand annually to ensure:

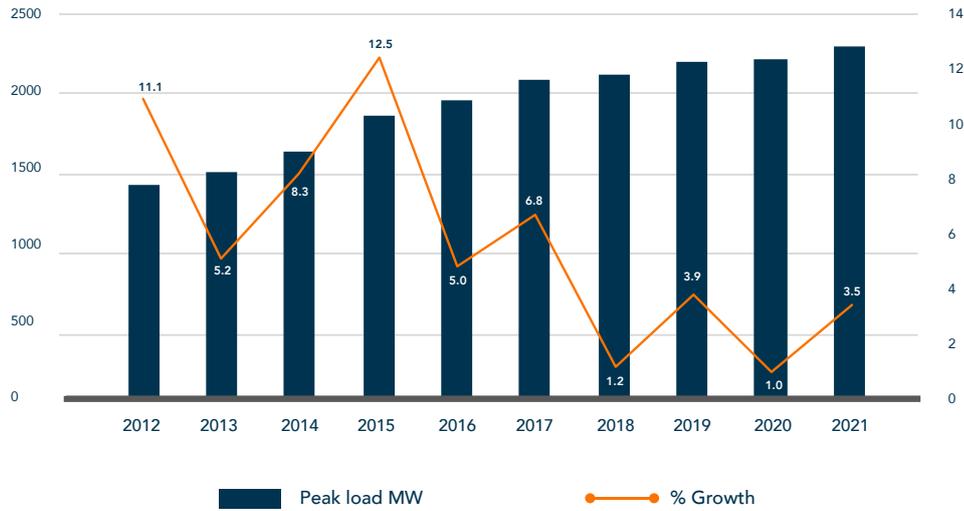
- Identify the change of load trends
- Looking for the impact of increasing load to the customer, primarily Industrial and commercial
- Develop efficient network expansion plans to match the demand forecast and support economic growth.

Observation of annual peak load ensures the most recent information and country development are considered when forecasting the expected impact on each substation and the total system peak for the main interconnected System. For each substation, different measures are used to determine the substation peak load and the substation load at the time of the total system peak load, as each of these peak loads may not occur simultaneously or have the same drive. Moreover, the detailed geographical level of the substation allows distribution planning to identify demand growth in the area. MZEC is one of the areas rapidly developing in Oman. Because the Government provides the essential infrastructure in these areas, the people are encouraged to invest and build in MZEC areas, especially in South Al Batinah Governorate and wilayat Al Suwaiq, the most densely populated Governorate in the Sultanate.

The peak load of MZEC increases gradually, but the growth changes from year to year depending on the situation of each year. The following figure 6 shows the percent growth from 2008 until 2021. Obviously, the percent of growth increased rapidly in 2011 and 2012, and the sharp drop in load growth in 2010 was due to adverse weather conditions. In 2019, the load dropped sharply to 1.2% from 6.8% in 2017 because of the economic crisis since 2014.

Furthermore, the pandemic COVID-19 and oil price drop affected the load growth and consumer behavior this year. Because, the Omani Government has taken various measures to limit the spread of the pandemic, such as closing government offices and working from home, stopping some commercial activities and factories, stopping studies, and closing Masjids. Thus, the load growth increased 1% in 2020 compared to 3.9% in 2019. In 2021, the peak load increased by 3.5%, impacted by the relaxation of precautionary measures from COVID-19.

In addition, the Government has started to apply Cost Reflect Tariff (CRT) since January 2017, which directly affects the load behavior of large customers. CRT is one of the main components of the revenue with Government subsidy, and the company continues to depend heavily on the Government for this support. The Cost Reflective Tariff (CRT) contributes by 34% from the total revenue, including industrial, commercial, government, and large customers whose annual consumption exceeds 100 thousand KWh.

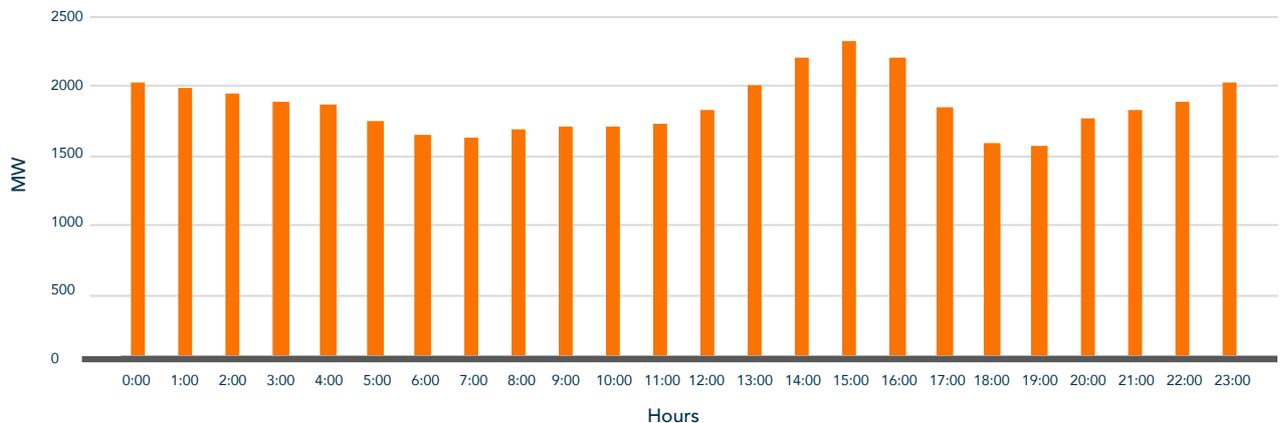


**Figure 6:** MZEC peak load

As seen in the above figure, the average growth is approximately 5.6% for all MZEC areas. It is expected to increase the load for upcoming years. The company will register extraordinary growth driven by a considerable number of governmental and private investments in tourism, infrastructure and industrial projects.

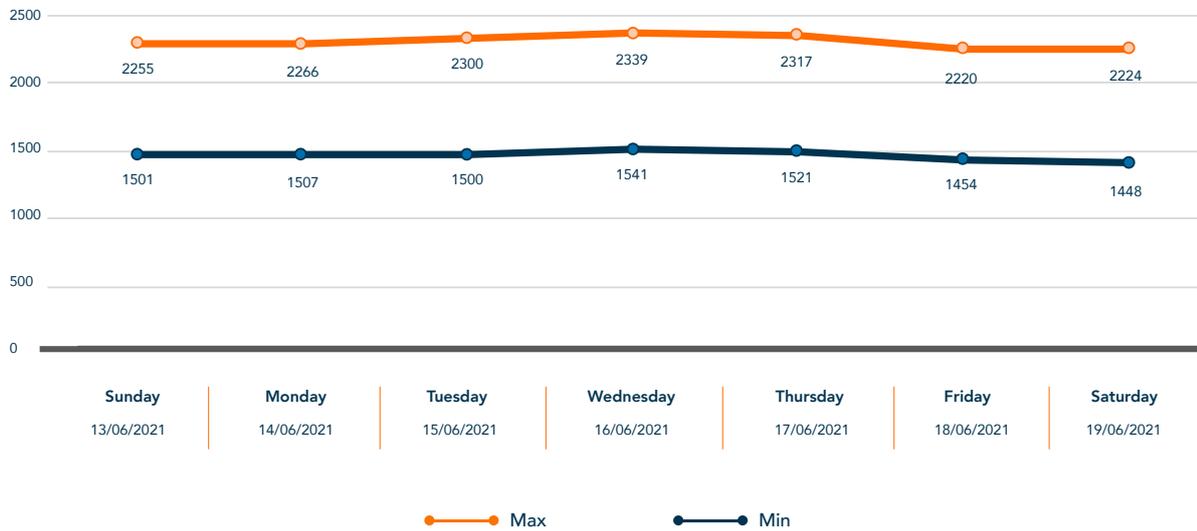
## Load Curves

The load profiles for MZEC taken on Wednesday 16th June 2021, which is the day of MZEC Peak was plotted and presented in figure 7 below. The highest load was reached at 15:00 hours, in this day the load recorded was 2,339 MW.



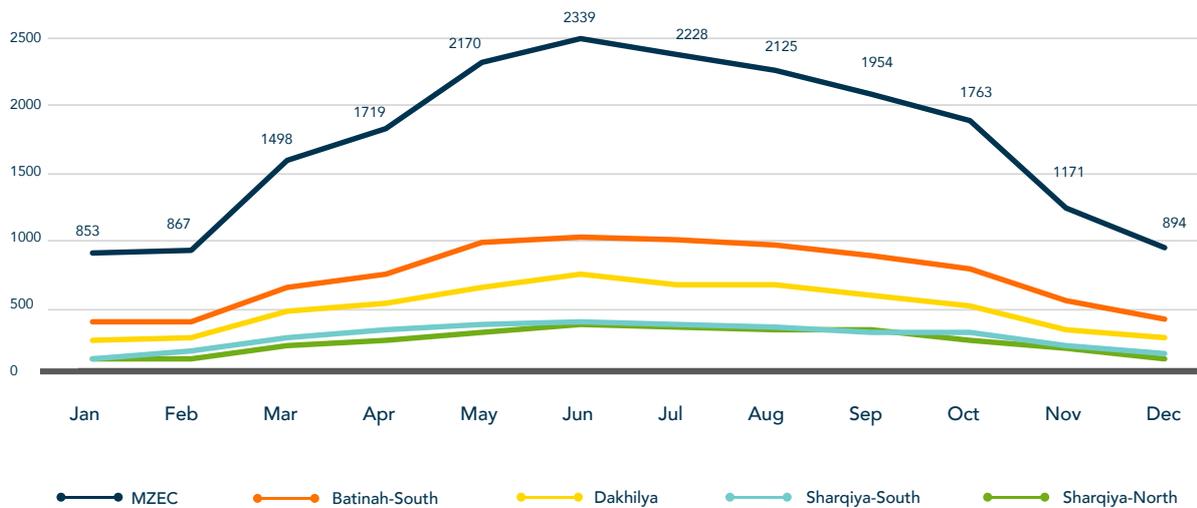
**Figure 7:** Daily Load Profile of MZEC

Similarly, a weekly load profile covering the period from 13th June to 19th June 2021 was plotted in Figure 8 to show the load profile of MZEC load in a typical week of the year.



**Figure 8:** Weekly Load Profile

To complete the picture, the yearly load profile for the year 2021 until October was also plotted in Figure 9. The annual load profile was obtained from plotting the highest reading each month to from the Maximum load profile for the entire MZEC System and each Governorate. As shown from the graph of figure 9, South Al Batinah Load represents the highest load among all the governorates, followed by Al Dakhilyah, Al Sharqiyah South and Al Sharqiyah North governorate.



**Figure 9:** MZEC Yearly Load Profile 2021 (Jan-Dec)



MZEC Load curve follows a typical load behavior in hot countries as the peak period is in the summer season that starts approximately in April and ends in September. It is also vital to notice that the MZEC peak is almost three times its minimum load recorded in the off-peak period during January and February. The demand-side management needs to consider this issue to minimize the gap between peak and off-peak periods, which will undoubtedly result in savings at generation, transmission, and distribution systems.

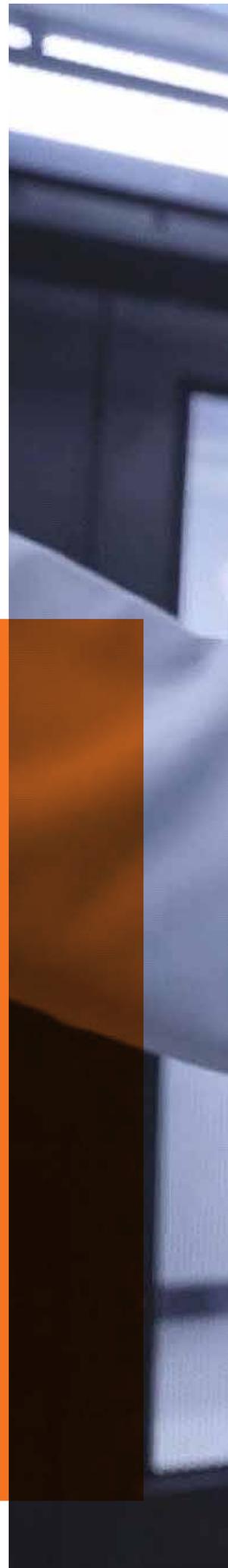
# SCADA

## CYBER SECURITY

When APSR introduced SCADA cybersecurity standard in 2016 as a license condition, Mazoon Electricity initiated the SCADA cyber security project.

The project of SCADA system replacement had been awarded in February 2021 and is expected to be completed by the end of 2022. The scope of this project is to replace the existing obsolete system with a new system along with cyber security requirements to ensure the system is protected from any cyber threats. In addition, it will include introducing the OMS & DMS. Furthermore, an Emergency Control Center will be established in this project. For the existing SCADA system, there is an SLA with SCADA system vendor to ensure the system is in operation 24x7 and that it gets the required support when required.

Moreover, governance requirements are established and reviewed on date e.g. Annual SCADA/DCS Cyber Security Report, Cyber Security Policy, Cyber Security Management System etc.





# GIS

Mazoon Electricity in GIS department has fulfilled many achievements in the year 2021. The achievements were:





شركة كهرباء مزون ش.م.ع.م  
MAZOUN ELECTRICITY COMPANY S.A.O.C.

إحدى شركات مجموعة نمام  
Member of Nama Group

---

MZEC Annual Report 2021